EATEL

May 1, 2012

Ms. Sharon Gillett
Chief, Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: In the Matter of Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337

Dear Ms. Gillett:

We are writing on behalf of East Ascension Telephone Company (EATEL), a provider of incumbent local exchange telephone services to approximately 27,000 access lines in southern Louisiana. As you may know, EATEL is a family-owned and operated company that has been providing a wide range of telecommunications services to Ascension and Livingston Parish communities for more than 75 years. Additionally, in January 2012, EATEL purchased Vision Communications (parent company of Lafourche Telephone Company), which provides incumbent local telecommunications services (approximately 10,000 access lines), cable operations and competitive local exchange services to a service area throughout southeastern Louisiana extending from lower Livingston Parish to southern Jefferson Parish.

EATEL has worked conscientiously for many years to provide efficient and effective advanced telecommunications solutions to a region still recovering from the effects of Hurricane Katrina, Hurricane Gustav and the problems resulting from the British Petroleum oil spill in the Gulf of Mexico. EATEL has also been expanding its broadband services for customers in the company's service territory and is planning additional expansion in the region served by Vision.

Specifically, this letter seeks your guidance so that EATEL can better understand and respond constructively to the FCC's recent changes to the quantile regression analysis (QRA). We understand that the FCC has designed the QRA to highlight costs that might be inconsistent with the high-cost support provided for recovery of operating expenses and capital expenditures for rate-of-return carriers. In the previous version of the QRA, EATEL recognized that its annualized federal USF appeared to be reduced by $540,968. This last week, EATEL's management reviewed the results generated in the new QRA released in an Order from the Wireline Competition Bureau on April 25, 2012. In that new version of the QRA, EATEL's management was shocked to discover that the company would be impacted inexplicably and disproportionately through an annualized federal USF reduction of $12,766,889. The magnitude of the change, especially in light of EATEL's efficient operations, is difficult to understand. Based on the new QRA, EATEL's annualized federal USF receipts will be reduced by a figure that is 2,360% higher than was computed under the previous QRA (an incremental reduction in support of over $12.2 million).

We respect the FCC's efforts to be responsive to certain problems in the previous version of the QRA model and methodology. However, the new version of the model will reduce approximately $65 million in high-cost loop funding for roughly one hundred carriers, with the extraordinary outcome that the impact on EATEL—representing around 1% of the carriers impacted—will account for approximately 19.6% of the entire capped support reduction. Simply stated, we believe that the USF reduction for

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EATEL is so dramatic that there must be some mistake in either the underlying data or the functionality of the new QRA, especially in light of EATEL's diligence in providing efficient services. To further frame the urgency of this inquiry, it should be noted that the proposed reduction in support would eliminate nearly one-third of EATEL's operating cash flow, an outcome that could have grave consequences for EATEL and Vision customers and employees.

Because we assume that there must be one or several errors that have occurred in the application of the new QRA methodology to EATEL, we request that the FCC assist us in evaluating how these extraordinary results (initial QRA versus new QRA) could have been generated and how any errors might be corrected.

Appendix A of the Order lists the independent variables and the general sources of the data employed in the QRA. However, we believe that these data alone are insufficient to audit and validate the independent factors used to develop the per-line capital and operating expense limits for East Ascension Telephone Company and Lafourche Telephone Company study areas. Therefore, we request the following detailed information developed for these study areas, including, if at all possible, how the calculations were generated (e.g., work papers or similar explanatory information):

- The study area boundaries map and study area square miles developed through use of the Tom Tom Telecommunications Suite 2011.09;
- Directions on the use of the Shapefile template data contained at http://www.fcc.gov/encyclopedia/rate-return-resources;
- The development of the number of road miles and road crossings from the ESRI ArcGIS Street Map;
- The census blocks included in the study area boundaries;
- The calculation of the construction values from the application of the soil STATSGO2 database to the study area road data; and
- Any other data and development of the independent variables used for East Ascension Telephone Company and Lafourche Telephone Company study areas.

We request that you provide this guidance as quickly as possible even if you are not able to respond immediately to all of the questions raised above. The constructive resolution of this matter is critical to our customers, our employees and the economic welfare of the areas we serve.

Respectfully,

Arthur G. Scanlan, II
Chief Executive Officer and Chairman

John Scanlan
President and Vice Chairman

cc: Janet Britton, Director of Legal and Regulatory Affairs, EATEL
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